Manitoba

Office of the Provincial Auditor

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Auditor's Report and Financial Statements
for the year ended June 30, 1985

Manitoba

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to F, of The Manitoba Vegetable Producers' Marketing Board for the fiscal year ended June 30, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at June 30, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

November 18, 1985,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Balance Sheet
as at June 30, 1985
(with 1984 figures for comparison)

	1985	1984
ASSETS		
Current assets:		
Cash on hand and in bank	$ 8,110	$ 256,944
Bank deposit receipts	200,000	100,000
Accounts receivable - trade	192,592	346,301
- Peak of the Market Sales Ltd.	55,274	205,761
- storage crop advance	284,598	112,264
- other	13,367	2,447
Inventories of vegetables, net realizable value	9,174	54,300
Prepaid expenses	185,239	154,463
Total current assets	948,354	1,232,480
Investment in Peak of the Market Sales Ltd.	30	30
Fixed assets:		
Land and buildings, as valued by the Board	681,868	681,868
Equipment and automobiles, at cost	639,485	627,904
	1,321,353	1,309,772
Less: assistance grants	26,487	37,576
	1,294,866	1,272,196
Less: accumulated depreciation	807,264	795,907
	487,602	476,289
	$ 1,435,986	$ 1,708,799
LIABILITIES AND CAPITAL SURPLUS		
Current liabilities:		
Outstanding cheques	$ 259,401	$ 533,699
Bank loans (Note 2)	330,295	114,226
Accounts payable - producers	97,851	343,706
- other	65,801	139,173
Funds held for promotion and research, Exhibit D	29,492	22,403
Other trust account (Note 3)	19,761	19,202
Total current liabilities	802,601	1,172,409
Other liabilities:		
Financial assistance provided by the Governments of Canada and Manitoba, repayable	-	7,710
Operations account, Exhibit B	348,199	243,494
	1,150,800	1,423,613
Capital surplus arising from:		
Financial assistance provided by the Governments of Canada and Manitoba, not repayable	206,438	206,438
Valuation of land and buildings	78,748	78,748
	285,186	285,186
	$ 1,435,986	$ 1,708,799

Exhibit B

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Operations
for the year ended June 30, 1985
(with 1984 figures for comparison)

	1985	1984
Revenues:		
Board's assessments against pools, Exhibit C	$ 508,112	$ 578,512
Prepack operation:		
Sales	5,830,341	6,492,583
Less: cost of sales	5,127,510	5,837,725
Gross margin	702,831	654,858
Processing fees:		
Cartage and storage	4,388	3,324
Custom work	30,894	20,476
Washing and grading	148,599	134,834
	183,881	158,634
Sundry:		
Rental revenue	67,100	65,079
Commissions on consignment sales and other revenue	90,418	79,224
	157,518	144,303
Total revenues	1,552,342	1,536,307
Operating expenditures, Exhibit E	1,447,637	1,432,856
Increase in operations account	104,705	103,451
Operations account, beginning of year	243,494	140,043
Operations account, end of year, Exhibit A	$ 348,199	$ 243,494

Exhibit C

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Pool Transactions
for the year ended June 30, 1985
(with 1984 figures for comparison)

	1985	1984
Revenue from vegetables sold through pools	$ 10,618,965	$ 11,455,782
Deduct pool charges:		
Direct charges:		
Brokerage	85,150	52,115
Containers	9,524	22,658
Freight equalization	54,801	32,381
Inspection	2,630	3,722
Prepack subsidy	31,954	9,298
Seed delivery	4,237	4,436
Selling and promotion allowances	47,783	13,751
	236,079	138,361
Funds allocated for:		
Promotion and research	43,831	31,099
Freight equalization	73,544	81,988
	117,375	113,087
Board's assessments:		
Handling charges	451,622	465,461
Processing fees	1,216	28,161
Waxing	53,370	82,798
Fractional differences	1,904	2,092
	508,112	578,512
Total pool charges	861,566	829,960
Distributed to producers	$ 9,757,399	$ 10,625,822

Exhibit D

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Pool Funds Held
for the year ended June 30, 1985
(with 1984 figures for comparison)

	1985	1984
Promotion and research:		
Balance, beginning of year	$ 22,403	$ 24,254
Add: funds allocated from pools, Exhibit C	43,831	31,099
amount provided from direct priced sales	710	1,674
grants and commissions	15,674	7,535
	82,618	64,562
Deduct: promotional charges	53,126	42,159
Balance, end of year, Exhibit A	$ 29,492	$ 22,403
Freight equalization:		
Balance, beginning of year	$ -	$ -
Add: funds allocated from pools, Exhibit C	73,544	81,988
overquota service charges	15,627	28,666
	89,171	110,654
Deduct: freight allowances to wholesalers	71,115	104,077
amount credited to producers	18,056	6,577
	89,171	110,654
Balance, end of year	$ -	$ -

Exhibit E

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Operating Expenditures
for the year ended June 30, 1985
(with 1984 figures for comparison)

	1985	1984
Audit	$ 13,712	$ 16,133
Bad debts	2,711	350
Board members' fees	10,725	9,719
Board members' expenses	6,025	5,815
Bank service charge	3,012	3,041
Cafeteria operations, net	4,117	2,238
Claims and allowances	2,595	4,480
Containers and packaging supplies	126,954	186,592
Depreciation	57,564	55,436
Equipment rental	7,609	4,759
Fuel, water, light and power	71,092	66,153
Health and post secondary education tax levy	11,495	11,567
Insurance	12,921	12,135
Legal	302	250
Maintenance and repairs	65,791	50,159
Manager's expenses	2,289	2,180
Miscellaneous	42,264	18,209
Office supplies and postage	19,085	15,991
Pension and employee insurance	80,714	71,400
Property and business taxes	70,205	68,280
Public relations, promotion and travel	43,848	36,158
Salaries and wages	753,796	744,076
Telephone and telex	21,653	21,271
Truck and auto	17,158	26,464
Total, Exhibit B	$ 1,447,637	$ 1,432,856

Exhibit F

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Statement of Changes in Financial Position
for the year ended June 30, 1985
(with 1984 figures for comparison)

	1985	1984
Source of funds:		
Operations:		
Net increase in operations account for the year	$ 104,705	$ 103,451
Items not involving funds:		
Depreciation	57,564	55,436
Gain on disposal of fixed assets	(12,283)	-
Funds provided from operations	149,986	158,887
Proceeds from Government of Canada - Regional Economic Expansion grant	2,715	-
Proceeds from disposal of fixed assets	25,300	-
	178,001	158,887
Use of funds:		
Purchase of fixed assets	84,609	21,650
Reduction to repayable financial assistance provided by the Governments of Canada and Manitoba	7,710	10,942
	92,319	32,592
Increase in working capital for the year	85,682	126,295
Working capital (deficiency), beginning of year	60,071	(66,224)
Working capital, end of year	$ 145,753	$ 60,071
Represented by:		
Current assets	$ 948,354	$ 1,232,480
Current liabilities	802,601	1,172,409
	$ 145,753	$ 60,071

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Notes to Financial Statements
June 30, 1985

1. Significant accounting policies

a) Investment in Peak of the Market Sales Ltd.

The Board reflects its investment in Peak of the Market Sales Ltd., a wholly owned subsidiary, at cost. The subsidiary operates on a breakeven basis and acquires all of its products from the Board at regular Board prices, for resale at the same prices and all operating costs are absorbed by the Board. Total sales to the subsidiary (1985 - $3,225,612; 1984 - $3,589,770) have not been segregated in these financial statements. The amount reflected as accounts receivable from Peak of the Market Sales Ltd. represents the amount due to the subsidiary from its customers as at the year-end date.

b) Land and buildings

Land and buildings have been recorded at a book value transferred from the preceding entity, which includes an incremental valuation adjustment of $78,748, with a subsequent disposal of part of the land recorded on a pro rata basis. Depreciation on buildings is calculated on a straight-line basis, using an estimated service life of 40 years.

c) Equipment and automobiles

Equipment and automobiles are depreciated on a straight-line basis with an estimated useful life of 10 years for equipment and 5 years for automobiles.

d) Operations account

The Board operates on a break-even basis, recovering its estimated costs by assessing handling charges against the pools handled on behalf of the participating producers. The prepack operation and other processing services are offered in order to enhance the overall pooling process. The mark-up applied to the prepack operation and rates charged for other processing services are also based on the estimated costs of providing the related services. Any variance between the estimated costs recovered from the aforementioned sources and actual costs of Board operations is accumulated in the Operations Account. The balance of this account represents funds held for producers which have not been allocated and are used for working capital purposes.

THE MANITOBA VEGETABLE PRODUCERS' MARKETING BOARD

Notes to Financial Statements
June 30, 1985

2. Bank loans

The amount shown for bank loans is comprised of the following:

	1985	1984
Operating loan, interest at prime, secured by a general assignment of accounts receivable	$ 45,000	$ -
Crop storage loans, interest payable by and outstanding balance guaranteed by the Government of Canada	285,295	114,226
	$ 330,295	$ 114,226

3. Other trust account

The transactions pertaining to the other trust account is as follows:

	Cultivar Research Project
Balance, June 30, 1984	$ 19,202
Contributions from participants	31,358
Interest received	957
	51,517
Disbursements	31,756
Balance, June 30, 1985	$ 19,761

4. Pension Plan

On October 28, 1985, the Board approved the conversion of the fully vested defined benefits pension plan to a money purchase plan effective January 1, 1985. The actuarial surplus of $142,478 as at January 1, 1985 has been allocated by the Board as follows:

a) an amount of $48,311 allocated to certain members adversely affected by the change in the plan, and

b) the balance, after allowance for expenses, is allocated to each member, on the basis that each member's contributions as at December 31, 1984, bears to all the total accumulated contributions of all contributing members at December 31, 1984.

The arrangements for a Fund Manager and the approval of the new pension plan by the Manitoba Pension Commission have not yet been finalized.